

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W.R. GRACE & CO., <u>et al.</u> ,	)	Case No. 01-1139 (JKF)
	)	Jointly Administered
Debtors.	)	Re: Docket No. 7249 and 1/24/05 Agenda Item 4

**ORDER AUTHORIZING AND APPROVING, TO THE EXTENT NECESSARY,  
REIMBURSEMENT OF DEFENSE COSTS AND ADVANCEMENT OF FUNDS TO  
SETTLE CERTAIN ACTIONS PURSUANT TO NATIONAL UNION'S EMPLOYEE  
BENEFIT PLAN FIDUCIARY LIABILITY INSURANCE POLICY**

Upon consideration of the Debtors' Motion for an Order Authorizing and Approving Reimbursement of Defense Costs and Advancement of Funds to Settle Certain Actions Pursuant to National Union's Employee Benefit Plan Fiduciary Liability Insurance Policy (the "Motion")<sup>1</sup>; and it appearing that this Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and after due deliberation and it appearing that sufficient cause exists for granting the requested relief and that the relief requested is in the best interest of the Debtors' estates and creditors;

**IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.

---

<sup>1</sup> Capitalized terms not otherwise defined in this Order have the meanings given in the Motion.

2. The Insurer is hereby authorized, to the extent necessary, to make payments, reimbursements and/or advancements of Defense Costs<sup>2</sup> and Settlement Payments to or for the benefit of the Defendants. Any such payments are subject to a full reservation of the Insurer's rights, privileges and defenses under the Policy, at law and in equity.

3. This Court shall retain jurisdiction with respect to any matters related to or arising from the implementation of this Order.

4. Nothing in this Order shall be deemed a determination that that proceeds of the Policy are property of the Debtors' estates.

Dated: January 26, 2005

*Judith K. Fitzgerald*  
reb

---

The Honorable Judith K. Fitzgerald  
United States Bankruptcy Judge

---

<sup>2</sup> Payment of Defense Costs shall be limited to the reasonable and necessary fees, costs and expenses charged by one "lead" law firm, any reasonable and necessary local or other special counsel and various other providers of services for each subset of the Defendants who reasonably require separate counsel.